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# NAVAL POSTGRADUATE SCHOOL

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# THESIS

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PURCHASING AND CONTRACTING AT  
MARINE CORPS AIR STATIONS:  
A CASE STUDY ANALYSIS

by

Eugene A. Herrera

December, 1992

Thesis Advisor:

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A Case Study Analysis

by

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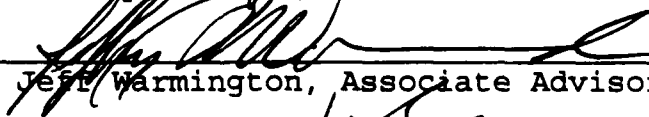


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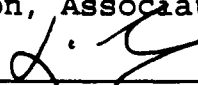
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## ABSTRACT

Current directives require purchasing and contracting responsibilities for Marine Corps Air Stations be conducted under the cognizance of the Naval Supply Systems Command. Several MCASs are geographically much closer to Marine Corps Base purchasing support and are more disposed to utilize the services of the local Marine procurement office rather than traveling to a distant location for support by the Navy Field Contracting System. The thesis provides the reader with an evaluation of the current situation of Navy procurement support for Marine Corps Air Stations. This relationship is codified in appropriate instructions and orders from both Services. Current procedure, authorized by Headquarters Marine Corps, allows some deviation to occur from established guidelines and directives, resulting in an uneven purchasing and contracting policy for Marine Corps Air Stations. The thesis examines alternatives to current procedure for accomplishing MCAS purchasing and contracting. Finally, alternatives are proposed, taking into account the current political and technological environment as well as the potential benefit to the Navy and Marine Corps. These alternatives describe pro-active strategic planning in addressing this issue.

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## **I. INTRODUCTION**

### **A. BACKGROUND**

The Navy and Marine Corps have established field contracting systems to assist field activities in the acquisition of supplies and services through the use of appropriated funds. The Navy Field Contracting System (NFCS) is directed under the cognizance of the Naval Supply Systems Command (NAVSUP) (Navy Acquisition Procedures Supplement (NAPS), 1990, p. 6). The Marine Corps Field Contracting System (MCFCS) is directed by Headquarters Marine Corps (HQMC) the Deputy Chief of Staff for Installations and Logistics (DC/S I&L). Both Systems coordinate the purchasing and contracting activities for their respective bases, stations, and installations and are guided by the Federal Acquisition Regulation (FAR), Department of Defense Federal Acquisition Regulation Supplement (DFARS), and appropriate Services directives. The exception to this chain of command are the Marine Corps Air Stations. All procurement activity on these activities are conducted under the guidance and effort of the NFCS rather than the MCFCS (NAPS, 1990, p. 23 and MCO 4200.15G, 1991, p. 2-8).

This relationship is codified in appropriate instructions and orders from both Services. Current procedure, however, authorized by DC/S I&L, allows some deviation to occur from established guidelines and directives. The resulting effect

has been an uneven purchasing and contracting policy for Marine Corps Air Stations.

## **B. OBJECTIVES**

The objective of this thesis is to describe the procurement process currently conducted at Marine Corps Air Stations, identify any resultant problems caused by the compliance or non-compliance of these Air Stations with current directives, and to suggest approaches which efficiently and effectively satisfy the requirements of users aboard MCAS's. A secondary objective for the thesis is to consider concerns of the Navy and Marine Corps hierarchy, should alternatives to the current scenario be seriously considered. Policy implications of such a move in today's climate of downsizing and uncertainty within the Department of Defense is almost certain to generate debate about the merits of any change or deviation from the status quo, especially as they affect personnel or billet positions.

## **C. RESEARCH QUESTIONS**

The thesis addresses two primary research questions:

1) What are the central factors associated with providing purchasing and contracting responsibilities at Marine Corps Air Stations? and 2) Which Service should provide purchasing and contracting support at Marine Corps Air Stations?

Subsidiary research questions are:

- What are the major types of procurement required by Marine Corps Air Stations?
- What type functions does the Navy Field Contracting System currently undertake in executing procurement responsibility at Marine Corps Air Stations?
- To what extent is the Marine Corps Field Contracting System capable of assuming all or some of the procurement support responsibility at Marine Corps Air Stations?
- What factors should be considered in transitioning from Navy to Marine Corps assumption of purchasing and contracting responsibility for Marine Corps Air Stations?
- What are the policy implications for the Navy and Marine Corps associated with Marine Corps assumption of all or some of the procurement responsibility for Marine Corps Air Stations?

#### **D. SCOPE, LIMITATIONS, AND ASSUMPTIONS**

##### **1. Scope**

The scope of this thesis was determined by the time and resources available to the researcher. Consequently, only two Marine Corps Air Stations were selected as case studies utilizing interviews as the primary data collection technique. The two Air Stations selected were MCAS New River, North Carolina and MCAS Camp Pendleton, California. Interviews were not conducted at the remaining eight MCAS's, although the procurement function at all Air Stations were analyzed closely through research of existing documents and literature.

## **2. Limitations**

The conclusions of the thesis will be based primarily on the analysis of the NFCS activities which support the two case studies of the MCAS's. Due to the type purchasing and contracting actions required at these Air Stations, procurement is typically limited to one-time purchase of items, rather than the repetitive buying of supplies and services as is done through the normal Marine Corps supply system (MCAS El Toro Contracting Officer, 1992). The unique requirements of items purchased in this manner do not lend themselves to a comparative analysis among purchasing and contracting organizations at various Air Stations.

## **3. Assumptions**

### ***a. Appropriated Funds***

It is assumed the type funding provided by Congress to the Services to support and maintain the Air Stations has no significant impact on the users at the Air Stations. Two funding types are considered: Research, Development, Test, and Evaluation (RDT&E) and Operations and Maintenance (O&M). The overwhelming majority of purchasing actions required at MCAS's utilize O&M type funding. Also, any impact in the use of one type of funding versus the other is experienced only by the financial managers of the Services who actually process the payment for the Government to the supplier of the services or supplies procured.

***b. Unique Procurement Action***

Acquisition of non-tactical computer hardware and software supplies and services requires the obligation and adherence to unique procedures and instructions by the requiring activity as well as the Purchasing Office responsible for the procurement action. The Federal Information Resources Management Regulation (FIRMR) sets forth contracting policies and procedures for the acquisition of items such as these, described as Federal Information Processing (FIP) resources. The Administrator of the General Services Administration (GSA) has certain exclusive authorities which may be delegated to agencies. These special policies relating to FIP resources are reflected in Part 39, Appendix A, of the FAR. FIP procurement is not specifically addressed here although the procedures required to procure this equipment is assumed to be the same across all Services regardless of the contracting status and source of authority.

**E. METHODOLOGY**

**1. Introduction**

This thesis used qualitative data collection and data analytic techniques. The procurement actions typically required by these Air Stations necessitated an interview format for data collection. Questions developed were designed to obtain responses from the interviewees which best described how the current procurement situation evolved. The effectiveness and limitations of both Navy

and Marine Corps Field Contracting Activity Systems were addressed, as well as the respondents preference for each System. Finally, questions were asked to solicit responses measuring the perceived capability of the MCFCS to assume all or some of the current Navy procurement responsibility for these Air Stations. Personnel from both Air Stations, New River and Camp Pendleton, were interviewed with common questions to obtain data required for the study.

Three interview questions were posed to enhance the researcher's knowledge of the procedures and process of purchasing and contracting at Marine Corps Air Stations. Responses for these background questions are consolidated and presented in Chapter II, Background. The three background questions were:

- What are your current procedures for purchasing supplies that are not available through the normal supply channels?
- What supplies and services are most often purchased through Purchasing Offices supporting your organization?
- What supplies and services contracts are in place for your organization at the present time?

Personal interviews were also conducted with NFCS and MCFCS Contracting Officers at MCAS El Toro and MCB Camp Pendleton. These interviews were conducted to obtain data describing the level of effort required at each System Purchasing Office to support Air Station requirements. The information gained from these interviews supported the analysis of the studies conducted by the researcher during the course of the thesis.

Although a variety of tenant organizations require the services of both NFCS and MCFCS Purchasing Offices, the majority of Air Station requirements originate from the Marine Aviation Logistics Squadrons (MALS). MALS requirements are predominantly aviation related, with non-aviation related requirements making up a small minority of the support required by the organizations. A further discussion of MCAS requirements is provided in Chapter II, Background, of the thesis.

## **2. Justification/Rationale**

There are ten Marine Corps Air Stations and these can be differentiated from one another by categorizing each into one of three purchasing and contracting type environments. Table I illustrates the procurement type environment within which each Air Station operates.

**TABLE I. MARINE CORPS AIR STATION  
PROCUREMENT PROCEDURE ENVIRONMENTS**

<b>CATEGORY</b>	<b>PROCUREMENT SUPPORT SOURCE</b>
I (7)	NFCS
II (2)	NFCS, MCFCS <sup>1</sup>
III (1)	NFCS, MCFCS <sup>2</sup>

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<sup>1</sup>Aviation related item procurement support from NFCS, non-aviation related item procurement support from MCFCS

<sup>2</sup>Aviation and non-aviation procurement support are obtained from both NFCS and MCFCS Purchasing Offices

Category one consists of the majority of Air Stations (seven) which function within the NFCS as prescribed by the NAPS and MCO 4200.15G. Category two consists of two Air Stations functioning partially in accordance with current directives while violating these same directives by obtaining support from MCFCS for other procurement actions. The final category consists of one Marine Corps Air Station located on the island of Okinawa, Japan. This MCAS is staffed with a small Purchasing Department to support the procurement requirements of the Air Station. Procurement Authority is limited to \$10,000. Because of the location and lack of vendors available for use by the Purchasing Office, open purchase requisitions for items not available on the island are forwarded to either Naval Supply Depot Yokuska, Japan for non-aviation supplies and services, or to NSD Puget Sound for aviation related supplies and services. Requisitions for non-aviation related supplies and services available on the island and valued greater than the \$10,000 threshold at MCAS Futenma are forwarded to the MCFCS activity at Marine Corps Base, Camp Butler, Okinawa for action.

Category Two MCAS's were selected for study in an effort to obtain a comparative analysis of that portion of the NFCS and MCFCS which is not currently operating in accordance with guidelines and directives. In addition, New River and Camp Pendleton are quite similar in that both Air Stations lack on-site procurement support. Also, both Air Stations require support for identical aircraft (helicopter and limited fixed-wing). The results of the analysis of these two Air Stations may suggest need for changes or modifications which affect the

remaining eight Air Stations. The thesis will attempt to identify those factors with possible application to all Air Stations which could result in procedural and directive changes. Any results suggesting change which only impact the two analyzed Air Stations will be identified. However, benefits obtained from Category II Air Stations which could also benefit the remaining Category I and II Air Stations will also be addressed.

The Category Three MCAS is also not operating according to established directives, however, the location of that Air Station (Futenma, Japan), along with its unique purchasing and contracting procedures, deserve special attention not provided in this thesis.

## **II. BACKGROUND**

### **A. PROCUREMENT RESPONSIBILITY SOURCE**

#### **1. Navy**

The Commander, Naval Supply Systems Command (NAVSUP) is the Head of the Contracting Activity (HCA) for the Navy Field Contracting System. NAVSUP, through the NFCS, is responsible for contracting for supplies and services throughout the Department of the Navy for which no other contracting activity, office, or command is otherwise delegated contracting authority.

Special mention should be noted regarding the Federal Acquisition Regulations System and its relationship to Department of Defense acquisition agencies, particularly the NFCS and MCFCS. The Federal Acquisition Regulations Systems is established for the codification and publication of uniform policies and procedures by all executive agencies. It consists of the FAR and agency acquisition regulations, such as the NAPS for the NFCS and MCO 4200.15G for the MCFCS activities, that implement or supplement the FAR (FAR, 1990, p. 1-1). Procurement officials from both Services are guided by the FAR and internal Service instructions.

The NFCS does not include the following contracting offices and contract administration offices:

- Automatic Data Processing Selection Office;
- Office of Naval Research;
- Military Sealift Command;
- Marine Corps and its field activities; *except for Marine Corps Air Stations, which are part of the NFCS*;
- Headquarters, Naval Air Systems Command, and its Naval Aviation Depot Operations Logistics Center;
- Headquarters, Naval Sea Systems Command, and its Supervisors of Shipbuilding, Conversion, and Repair;
- Headquarters, Space and Naval Warfare Systems Command;
- Headquarters, Naval Facilities Engineering Command and its field activities;
- Strategic Systems Program;
- Naval Telecommunications Command and its Naval Commercial Communications Center. (NAPS, 1990, p. 23)

NAVSUP utilizes a system of decentralized contracting authority balanced with regional consolidation of contracting support and commodity assignments wherever feasible and advantageous. This decentralization/regionalization of contracting support for unique needs such as nonstandard material, contractor services and research and development, places the procurement function in proximity to the activity responsible for generation of requirements and attendant specifications. This principle underlies the organization and management of the NFCS.

NFCS activities are designated by NAVSUP as Major Field Contracting Activities, Minor Field Contracting Activities, or Area Buying Activities, which are Major Field Contracting Activities responsible for centralized buying. By designation as Major, Minor, or Area Buying Activities, NAVSUP authorizes each activity responsibility to enter into contractual relationships with fiscal thresholds for each type. Appendix A lists all Major Navy Field Contracting System activities and Area Buying Activities and includes the contracting authority threshold delegated to each. Activities not designated as Major or Area Buying Activities are designated Minor Field Contracting activities and possess contracting authority of no more than \$25,000.

It is worth mentioning two Navy organizations, not included in the roster of field contracting activities supported by the NFCS, but which also operate on board MCAS's. The Naval Facilities Engineering Command (NAVFACENGCOM) is the Navy command responsible for awarding and administering architect-engineer, construction, and facilities support contracts. Also, NAVFACENGCOM is responsible for providing public works in area of fleet or training concentration. (NAPS, 1990, p. 4) Offices representing this command are located at both Marine Corps Air Stations and Marine Corps Base installations. Procuring services and supplies in support of NAVFACENGCOM may be accomplished by the NFCS or MCFCS activity located at the host Air Station or Base.

The Navy Resale and Services Support Office (NAVRESSO) activities also require limited purchasing and contracting support by the NFCS activity at the host Air Station. NAVRESSO may grant authority to any Naval shore activity within the Navy Exchange/Commissary store system to make purchases in the open market; provided that, in the case of commissaries, the total amount of any transaction is less than \$25,000. (NAVSUPINST 4200.81, 1989, pg 2 of Encl (1))

## **2. Marine Corps**

The Commandant of the Marine Corps (CMC), the DC/S I&L, and the Marine Corps Systems Command have been designated as the Heads of Contracting Authority for the Marine Corps. The Director, Contracts Division (Code LB), advises the DC/S I&L in all contracting matters, procures equipment and services for items centrally managed at HQMC, and for other requirements. The Field Contracting Support Branch (Code LBO) exercises functional management control over contracting at activities of the Marine Corps Systems Command. Marine Corps Air Stations are unique in that these Marine activities are provided procurement support by the NFCS and not the MCFCS. Appendix B provides a roster of Marine Corps Field Contracting Offices and Limited Purchasing Offices. Table II includes all Marine Corps Air Stations and contracting authority from the NFCS, if any.

TABLE II. ACTIVE MARINE CORPS AIR STATIONS AND PROCUREMENT AUTHORITY (MCO 4200.15G, 1991, p. 2-6)

AIR STATION	PROCUREMENT AUTHORITY
BEAUFORT, SC	\$25,000
CHERRY POINT, NC	\$500,000
NEW RIVER, NC	NONE
YUMA, AZ	\$25,000
CAMP PENDLETON, CA	NONE
TUSTIN, CA	NONE
EL TORO, CA	\$25,000
KANEHOE BAY, HI	\$25,000
IWAKUNI, JA	\$25,000
FUTENMA, JA	\$10,000

**B. HISTORICAL RATIONALE FOR NAVY PROCUREMENT SUPPORT OF MARINE CORPS AIR STATIONS**

As a component of the Department of the Navy, the Marine Corps is provided guidance, direction, and a mission by the Navy. To accomplish this mission, the Marines are authorized separate funding by the Navy. From the Navy, the Marine Corps receives Operations and Maintenance, Marine Corps (O&M,MC) funds and Research, Development, Test, and Evaluation, Marine Corps (RDT&E, MC) funds, among other type funds not relevant to this discussion. Concurrently, the Navy is funding its activities with these same type funds and are designated O&M, Navy and RDT&E, Navy. These accounts have

traditionally been designated as "blue" dollar for Navy accounts and "green" dollars for Marine Corps accounts.

Because the Marines are a component of the Navy, the Navy has historically undertaken the responsibility of procuring and managing aviation weapons systems programs for the Marine Corps. The common use of many types of aircraft over the years make this responsibility undertaken by the Navy understandable. Examples of such aircraft include the F-4 Phantom fighter, the A-6 Intruder attack aircraft, and the F/A-18 Hornet fighter and attack aircraft. The Navy has also assumed responsibility for the maintenance and control of the spare parts program for both Navy and Marine Corps units. The procurement and spare parts for both Services' aircraft is funded by Navy "blue" dollars. This aircraft acquisition related relationship between Marine Corps Air Stations and Navy procurement responsibility through the NFCS is the genesis of Navy assumption of the procurement function responsibility for MCAS's.

### **C. MCAS PROCUREMENT ORGANIZATION**

Purchasing and contracting support is accomplished by the Purchasing Office of the Navy Supply Department aboard the Air Stations. For those Air Stations without Procurement Authority, the closest NFCS Purchasing Office provides this service for aircraft related supplies and services. Figure 1 depicts the typical Navy Supply Department and Purchasing Office organization supporting Marines at the Air Stations.

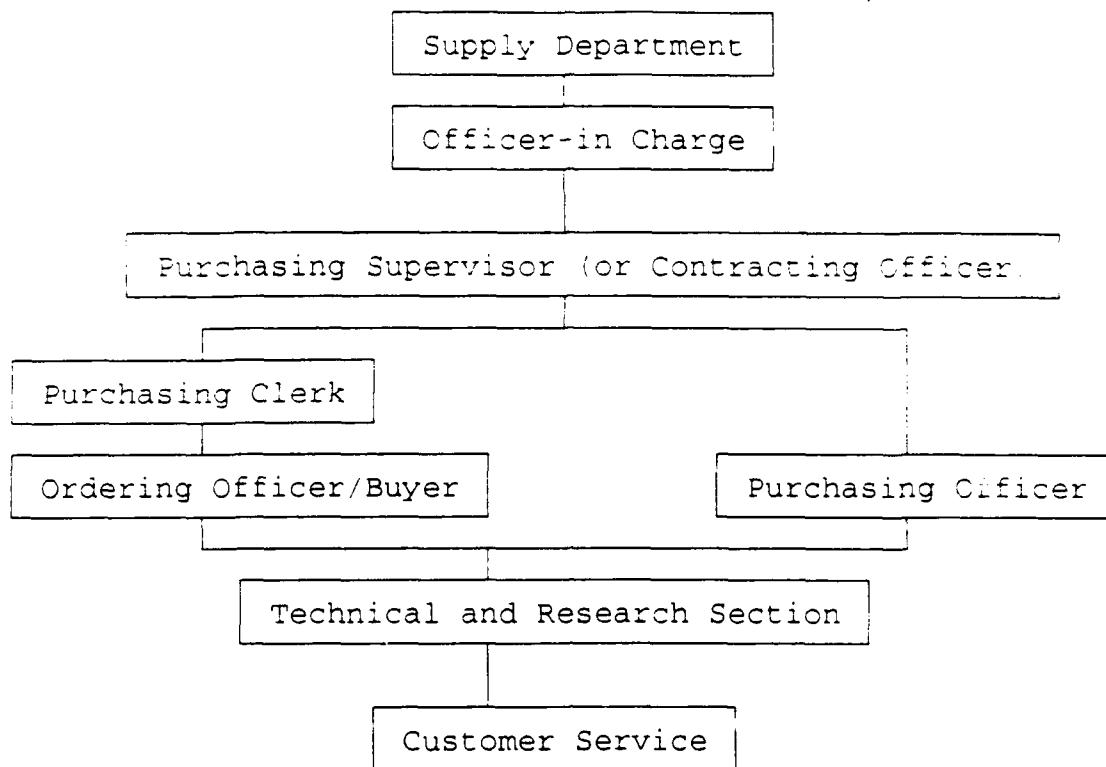


Figure 1. Typical Navy Supply Department and Purchasing Office Organization<sup>3</sup>

The largest of the NFCS activities located at MCAS's are the departments at MCAS Cherry Point, NC and MCAS El Toro, CA. The Air Stations selected for study in this analysis, Camp Pendleton and New River are without Procurement Authority and directed to obtain support for aircraft related procurement support through El Toro, in the case of Camp Pendleton, and Cherry Point, in the case of New River. These smaller Air Stations are also prohibited by regulation and

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<sup>3</sup> The organizational chart is meant to depict a representative procurement support organization for MCASs.

directives from obtaining support from MCFCS activities located at nearby Marine Corps Bases.

The Purchasing Office's provide procurement support for the MCAS's in accordance with the NAPS and NAVSUPINST 4200.15, authorizing the office authority up to the small purchase threshold of \$25,000. The small purchase limit delegated to most Air Stations is important to the discussion because it allows the Purchasing Office to follow small purchase procedures. These procedures, outlined in FAR, Part 13 and NAVSUP Instruction 4200.85, are simplified instructions for the acquisition of supplies and services with a value of \$25,000 or less. The purpose of these simplified procedures, according to FAR, is to: 1) "reduce administrative costs" and 2) "improve opportunities for small business concerns to obtain a fair proportion of Government contracts." The office at MCAS Cherry Point is designated a Major Field Contracting Activity by the NFCS and is authorized Procurement Authority up to \$500,000. Cherry Point is unique in that it is the only MCAS with a Naval Aviation Depot (NADEP) repair located aboard the Air Station. Purchasing and contracting support for this NADEP typically requires actions above the small purchase threshold and has resulted in the increased Procurement Authority for Cherry Point by NAVSUP.

For purchases above the threshold level of designated Major or Minor Field Contracting Activities of the NFCS, Naval Supply organizations are to be utilized by the requiring Air Stations. Table III represents the procedure for each Air

Station to be used in case of a procurement requirement in excess of the threshold authorized.

TABLE III. PROCUREMENT PROCEDURES BY PURCHASING OFFICES AT MARINE CORPS AIR STATIONS IN EXCESS OF PROCUREMENT AUTHORITY

<b>MCAS</b>	<b>PROCUREMENT AUTHORITY</b>	<b>FIRST LEVEL AUTHORITY</b>	<b>SECOND LEVEL AUTHORITY</b>
BEAUFORT	\$25,000	CHERRY POINT	NAV SUPPLY CENTER, NORFOLK
CHERRY POINT	\$500,000	NSC NORFOLK	
NEW RIVER	NONE	MCAS CHERRY POINT	NSC NORFOLK
YUMA	\$25,000	NRCC, SAN DIEGO, CA	
CAMP PENDLETON	NONE	MCAS EL TORO	NRCC, SAN DIEGO, CA
TUSTIN	NONE	MCAS EL TORO	NRCC, SAN DIEGO, CA
EL TORO	\$25,000	NRCC, SAN DIEGO, CA	
KANEHOE BAY	\$25,000	NSC PEARL HARBOR, HI	
IWAKUNI	\$25,000	NSD YOKUSKA, JA	
FUTENMA	\$10,000	MCB CAMP BUTLER (non- aviation)	NSD YOKUSKA (aviation)

## **D. PURCHASING AND CONTRACTING PROCEDURES**

### **1. Introduction**

Procurement support typically required by Marine users on board the Air Station call for either the purchase of a selected part, tool, or other item in support of the mission, or it will require the establishment of a service type contract between the Purchasing Office and the provider of the work requested, typically a civilian contractor. Services required typically include the rental and maintenance of copying machines and the operation and maintenance of dining facilities at MCAS's.

### **2. Procurement Process**

An Air Station activity will routinely attempt to requisition a required supply or service through the established supply system of the organization. During the course of this requisition process, the organizations supply personnel will check not only the stock of its own organization, but through the computer based inventory system, it will search for the requested item throughout the Marine Corps and the Navy supply system. In the event the part is not available from normal channels and the user has justified the need for the item, another requisition form is completed and delivered to the Purchasing Office responsible for purchasing and contracting for that organization. The requisition form used is the DD1149 for organizations obligating O&M,MC funds and the DD1153 for obligation of O&M,N funds.

The requested items on the requisition forms are screened at the Purchasing Office, using the same data base as the unit supply department to ensure the item requested is not available through the organization's supply system. Requisitions are then forwarded to the Purchasing Agent or Buyer responsible for procuring items for that user. The agent or specialist will process the requisition, place the order with an approved supplier, frequently using simplified purchasing procedures for small purchases, and conduct all interface between the supplier and the requiring organization. Before placing the order, the buyer verifies that the requesting organization has documented all relevant data on the DD1149 or 1153. The buyer in the Purchasing Office processes the requisition based upon information supplied by the user on the requisition form. The request is received by the supplier, who fills the order and ships the item to the address supplied by the buyer in instructions to the supplier. The Purchasing Office, if designated as the receiving agent to the supplier, notifies the requiring activity upon receipt, and the requesting organization arrives to pick up the item. Payment procedures vary among offices but for the most part, the Purchasing Office, using appropriation data from the requiring organization, forwards the invoice to a Navy Payment Center for payment to the supplier.

The process time for this "open purchase " varies from activity to activity and is routinely based on the priority of the item requested. For example, procurement of a part for an aircraft which is down for that part, will be processed in a more timely manner (days) than the procurement of a tool which

is required to perform routine maintenance on an aircraft. Priority of items requested are documented on the DD1149 or DD1153 by the requiring organization as it is submitted to the Purchasing Office.

Service contracts are a much simpler process for the requiring activity to request, although considered by buyers a more complex evolution (MCAS El Toro Contracting Officer and MCB Camp Pendleton Contracting Officer, 1992). The requirement to search computerized data for the service requested is not accomplished because that data is typically not available to the requiring organization. The Purchasing Office may possess a locally generated data base of service contract vendors, however the requiring activity forwards the requisition for the service to the Purchasing Office without prior searching. Requiring organizations are still required to justify the request as a legitimate need, signed by the Commanding Officer or the designated authority, in order for the Purchasing Office to process the requisition. The requisition is delivered to the Purchasing Office which then begins the process of selecting a vendor to perform the type service requested by the requiring activity. The contracting process for this type requisition can be a much more complicated, time consuming event for the buyer who will perform the procurement functions in selecting the supplier. Many regulatory or statutory factors such as the requirement for competition, the required use of small, disadvantaged businesses, and possible negotiations can cause the process to become a delicate operation for the Purchasing Office to perform. The difficulty of the process is not relevant to this discussion, but it

should be noted that the service contracts required for both O&M, MC and O&M, N funds are processed in the same manner. These are distinguished by the appropriations data furnished on the requisition form.

### **3. Air Station Organizations**

Units stationed aboard MCAS's are not limited to aircraft equipped aviation squadrons. Air Stations also include units such as Marine Wing Support Groups and Squadrons and Marine Air Control Groups and Squadrons. These types of organizations are tenant units aboard MCAS's and are usually funded with "green" type dollars to operate. Procurement support for these and other non-aircraft organizations is required of the NFCS Purchasing Office located at the MCAS.

There are other units requiring support aboard MCAS's, which could be funded with other than O&M, MC or O&M, N funds. These include Navy units attached to Fleet Marine Force activities such as the Public Works Centers or Departments and the Regional Officer in Charge of Construction (ROICC). They also include Marine activities such as the Station Dining Facility. These activities, although functionally supported by separate commands for procurement support, NAVFACENGCOM for the PWC or PWD and NAVRESSO for the Dining Facility, request purchasing and contracting support from the Purchasing Office of the NFCS Purchasing Office occasionally.

Obviously, purchasing and contracting services aboard these activities are not exclusively identifiable as requirements for "blue" dollar expenditures for

aircraft. There are also a myriad of other support organizations located at the Air Stations which require support from the NFCS Purchasing Office from time to time. This thesis focuses on the majority of the users requesting service and particularly those related to the purchasing and contracting for aviation related supplies and services.

#### **E. CURRENT MCAS PROCUREMENT SITUATION**

The Marine Corps Air Stations at Tustin, El Toro, Beaufort, Cherry Point, Yuma, Kanehoe Bay, and Iwakuni function in the manner prescribed by the current directives and regulations. MCAS Beaufort was originally required to forward requisitions in excess of small purchase authority to NSC Charleston, SC, however, permission was requested and received from NAVSUP to forward requisitions to MCAS Cherry Point for action instead of NSC Charleston.

MCAS's Camp Pendleton, Futenma, and New River do not operate in the manner prescribed by current directives and as depicted in Table 2. Camp Pendleton and New River request and receive non-aviation procurement support from the more convenient (geographically) MCFCS Purchasing Offices located at MCB Camp Pendleton and MCB Camp Lejeune respectively. These supplies and services are requisitioned using both Navy and Marine Corps O&M funding. Aviation related items are any item that is part of or affixes to an airplane, and are procured through the designated NFCS Purchasing Office. These are MCAS El Toro for Camp Pendleton and MCAS Cherry Point for New River. The MCAS

Futenma requirements are satisfied in several different fashions. These requisitions also are in violation of current directives, but only those at New River and Camp Pendleton will be the subjects of study.

### **III. RESULTS**

#### **A. INTRODUCTION**

Marine Corps Air Stations Camp Pendleton and New River are located on opposite coasts of the United States. The mission of both Air Stations is identical: to support the Fleet Marine Force combat troops at large nearby Marine Bases. To accomplish this mission, the aviation assets at both Air Stations are similarly organized. New River and Camp Pendleton are home to a Marine Aircraft Group (MAG), or MAGs, in the case of New River. MAG-39 is headquartered at Camp Pendleton while MAG-26 and MAG-29 are stationed at New River. The groups of both Air Stations are made up primarily of helicopter squadrons with each containing a small fixed-wing component of OV-10 aircraft. Squadrons at both Air Stations fly identical aircraft, the AH-1W Cobra attack aircraft, the UH-1 Huey troop carrier and command helicopter, and the OV-10 observation aircraft. New River MAGs also include the CH-46 and Ch-53 medium and heavy lift helicopters. On the West Coast, these troop and equipment carriers are stationed at MCAS Tustin.

The groups and squadrons are both organizationally structured along the traditional military hierarchy, Commanding Officer, Executive Officer, etc. The squadron level is composed of the units flying the aircraft described above as well

as a Marine Air Logistics Squadrons (MALS) for each MAG. The MALS is composed of the suppliers and maintainers for the squadron aircraft. Each individual aircraft squadron organizationally contains suppliers and maintainers also, but the Marines in the MALS supply and repair aircraft which require effort beyond the capability of the squadron personnel. For New River and Camp Pendleton, MALS requirements are the greatest use customers for the supporting NFCS Purchasing Office. Camp Pendleton and New River are staffed with small Supply Departments which are not staffed with Navy or Marine procurement personnel. The Air Station is composed of the traditional military structure with the command element and supporting staff sections (S-1, S-2, S-3, S-4). These staff sections, and other tenant organizations on board the Air Stations require limited purchasing and contracting support for supplies and services beyond that provided through the normal supply system. As a result, these sections and organizations also rely upon the NFCS for support. The procedure for requesting this support is identical for both type activities. Requirements of these small users make up a minor portion of purchasing and contracting support for the Air Stations, therefore, the focus of the support examined are those services provided for MALS requirements at each Air Station by purchasing and contracting personnel.

## **B. SUMMARY OF RESPONSES TO INTERVIEW QUESTIONS**

### **1. Introduction**

Personal interviews were conducted at both locations with personnel most directly involved in the purchasing and contracting support required by the major users at the Air Stations. These were former and present Aviation Supply Officers (ASO) for MALS-39 at Camp Pendleton and ASOs for MALS-26 and MALS-29 at New River. Interview questions are included as Appendix C of the thesis. Interviews were also conducted with Purchasing Office officials from MCB Camp Pendleton and MCAS El Toro. The officials were the Contracting Officer's for MCB Camp Pendleton and for El Toro.

### **2. Effectiveness**

*How effective is the current Purchasing Office used by your office in the following areas; technical expertise, timeliness, customer service, and quality assurance?*

Responses to this question are consolidated and answers presented in the following subsections. Customer service and quality assurance were addressed as one question by all respondents.

#### ***a. Technical Expertise***

Do you believe purchasing and contracting for aviation related supplies and services require special training and education on the part of the buyers in the Purchasing Office?

Without exception, the Aviation Supply Officers interviewed felt the actual technical expertise required to effectively acquire aviation related supplies and services should be resident at the requiring unit level. Effective acquisition of non-aviation supplies and services required little unique expertise or experience of the personnel employed by the Purchasing Office. Rather, the technical understanding was felt to be a prerequisite for the Marine supply clerk of the requiring unit, working in conjunction with the maintenance personnel in identifying, searching, and then requisitioning the item required. The process of reconciling with the maintainer by the supply clerk to identify the exact service or part required and the correct completion of the requisition form to supply the item or service are the critical steps in the process. Misinterpretation or misidentification of the item or service required could result in the wrong item supplied and a delay in the repair process as the part or service is reordered.

The Supply Officers interviewed described the typical requisition process in the following manner. The supply clerk, after correctly identifying the item required, begins the search for the item through the supply system. In the event the item is unavailable through the system, permission is received by the local approval authority, usually the Commanding Officer or his designated approval agent, and the requisition is forwarded to the assigned Purchasing Office for action. By virtue of the small number of commercial organizations in the aviation equipment and parts manufacturing business, a known quantity of suppliers is available for the Government to conduct procurement transactions

with for this type of purchase. Consequently, the supply clerk, through the supply system computerized data base, as well as historical purchase order documentation, is required to provide a recommended source of supply on the requisition. The supply clerk or other source from within the MALS then, quite often provide the technical expertise to identify the specifications required of a part. The MALS is also knowledgeable of the suppliers available to supply the item or service.

Respondents felt the technical expertise required by the Purchasing Office was minimal. The expertise required by the purchasers is limited to familiarization of the use of the supply system data base and to knowledge and understanding of the Federal regulations and directives associated with procurement of supplies and services by the Government, particularly those concerning small purchase type transactions. Small purchase procedures are simplified instructions to follow and are codified for NFCS and MCFCS organizations by appropriate directives. Small purchase transactions make up the large majority of actions required of the NFCS supporting New River and Camp Pendleton. This majority is not as large when describing the procurement situation at the MCFCS supporting these Air Stations, where larger supply and service requisitions occur more often. As a final check before the item or service is procured on the open market, the procurement office again checks for the availability of the item in the supply system before the requisition is forwarded to the actual buyer for action.

*b. Timeliness*

The consensus of the respondents from all three organizations interviewed viewed the current system as timely and responsive in meeting the requirements of their organizations. This consensus did not indicate total satisfaction with the current procurement situation, however, for most types of procurement actions, those involved were satisfied. An explanation was provided by one interviewee for this consensus. The Marine Corps and Navy take an understandably dim view of units reporting major end items, such as aircraft, as inoperable on status reports to higher commands. The military supply system, therefore, is very responsive in procuring parts and services when part of its inventory. The Purchasing Office is also responsive in providing those items required on the open market when required. The inoperable aircraft are quickly repaired as a result and Commanding Officers of those units are not required to explain the "down" aircraft to higher headquarters. Should parts not be available, the units could identify the lack of support by the supply and procurement systems as a cause. This opinion was offered only as a possible factor to the timely service by supply and procurement personnel in obtaining supplies and services for mission critical aircraft and was not shared by all interviewees.

The time required for delivery of items after submission of the requisition was usually measured in days rather than weeks or months. Also, the higher the priority of the item required, i.e., the aircraft could not fly without the part, the sooner the item was received by the requiring organization.

Activities at both Air Stations were utilizing Government vehicles to shuttle requisitions, pick up parts, or accomplish other administrative requirements associated with procurement of needed parts or supplies on a daily basis. These trips routinely occur on a daily basis and are traveled from the requiring Air Station location to the Air Station with the designated NFCS Purchasing Office. This procedure for requisitioning and picking up supplies and equipment has continued for such a long period of time that those interviewed considered the time spent travelling as none other than a minor inconvenience. The travel time for both Camp Pendleton and New River to the nearest NFCS Purchasing Office is approximately forty-five minutes to one hour each way. As a comparison, travel time for Category I Air Station units is typically much shorter as the Purchasing Office is located on board the same Air Station.

*c. Customer Service and the Quality Assurance Effort by the Supporting Activity*

What is the satisfaction level of your open purchase supply personnel with respect to the level of effort maintained by the Purchasing Office currently used in executing supply and service requisitions for your command?

Is the Navy Purchasing Office Table of Organization a perceived problem in support of your organization?

Concerns expressed in recent questionnaires generated by HQMC (DC/S I&L, LBO) prompted the use of two questions by the researcher requesting the perceived customer satisfaction as a client of the NFCS. Specifically, these

questions were designed to identify areas of concern by the respondents of shortfalls in the supporting Purchasing Office table of organization for Marine clients, any problems caused by the NFCS activity's lack of quality assurance techniques, or concerns arising out of parochial or interservice difficulties between Navy providers and Marine users.

The responses indicate these concerns are non-existent to the organizations studied for this thesis. Purchasing Offices at both El Toro and Cherry Point are staffed primarily with Government Civil Service employees, although offices are part of Navy Supply Departments, headed by either Navy Supply Officers or Navy Civil Engineer Corps officer. Both NFCS activities are in place to support Marine Corps users and both respond in a manner which does not generate concern by the Marine users of the services provided by the Purchasing Offices. Issues were raised during the interviews which highlighted shortcomings in the procurement system, however, these were perceived by the respondents as minor and not parochially based.

All three activities interviewed expressed satisfaction concerning the effectiveness of the process as it currently exists.

**C. LIMITATIONS OF THE CURRENT PROCUREMENT SITUATION AT MCAS NEW RIVER AND MCAS CAMP PENDLETON**

**1. Small Purchase Authority**

Are the dollar limitations of the supporting NFCS Purchasing Office a significant limitation in that Office providing procurement support to your organization?

How often do you exceed the small purchase threshold in requirements for aviation or non-aviation supplies or services for your organization?

MCAS El Toro is designated a Minor Field Contracting Activity and the Purchase Authority for the Air Station is \$25,000. MCAS Cherry Point is designated a Major Field Contracting Activity with a much larger Purchase Authority of \$500,000. In the event either of these Air Stations receives a requisition in excess of the approved threshold limit, they are required to forward the requisition to the NFCS activity responsible for larger procurement in the geographical area of the Air Station.

The thresholds established for both Air Stations were perceived as adequate for the interviewed activities. During the course of the interviews, only one of the respondents could remember a significant number of purchase requirements above the small purchase threshold required by the activity. These requirements numbered less than five over a three year period. The great majority of all procurement requirements are for less than the small purchase threshold of \$25,000 established by the Navy for Minor Field Contracting Activities.

In explaining the small number of large dollar value parts requisitions, one should recall the Navy is the central coordinator of aviation and aviation related parts and equipment for the Navy and Marine Corps. Central management policy by the Navy prohibits the open purchase of most large aircraft components, such as aircraft engines or other major end items from the aircraft. Management of these assets is done by the Aviation Supply Office (ASO) of the Navy, located in Philadelphia, PA. As requiring activities submit requisitions for components managed by ASO, the activity is supported by ASO in its request and supply of the needed component. These components are the high dollar value items which, if over \$25,000, would cause most NFCS Purchasing Offices to forward requisitions to larger buying offices. The management function of ASO prevents this event from occurring for most large, high dollar value parts. ASO is as vitally interested in squadron readiness rates as the operational commanders are, therefore, timeliness is very rarely a concern among the interviewed officials when discussing ASO involvement in the procurement process of needed aircraft components.

The procurement of non-aviation supplies and services offer a clear picture of the situation concerning small purchase limitations at New River and Camp Pendleton. The discussion has to this point, centered on the procurement of aviation related supplies and services and these items do comprise the significant portion of the requirements at the Air Stations. A less visible, but still significant portion of the requirements generated at the Air Stations is for the

more mundane items such as copying machine service contracts, special tools required by mechanics maintaining vehicles which support Air Station operation, and contracts for dining facility attendants. The MALS personnel interviewed expressed limited concern for the non-aviation requirements of their respective organizations. However, during the interview with the El Toro Contracting Officer, it became clear the requirements for non-aviation supplies and services required as much, if not more, effort on the part of the buyers in the El Toro Purchasing Office. While there is not a comparable organization to ASO for Marines to centrally manage the procurement of non-aviation parts and services, the Air Station personnel rarely requested and the El Toro Purchasing Office rarely processed requests beyond the small purchase threshold for these type requirements. It should be re-stated here that both New River and Camp Pendleton are procuring non-aviation parts and services through local MCFCS activities. The Contracting Officers at these organizations have unlimited Purchase Authority should small purchase authority for a contract not be sufficient.

## **2. Administrative Requirements**

Are there extra administrative requirements on your part in requisitioning through the NFCS Purchasing Office?

Are there extra administrative requirements on your part in requisitioning through the MCFCS Purchasing Office?

The response in this area indicated a difference between the situation at Camp Pendleton and New River for the first time. Administrative requirements

discussed in response to these questions concerned those above and beyond transactions for administrative actions described earlier.

The Marines from MCAS Camp Pendleton must first process their requisition through a parent organization at El Toro before the request is delivered to the Purchasing Office at El Toro. The parent organization, the Third Marine Aircraft Wing (MAW), requires the requisition to be reviewed by the Wing Aviation Supply Office and also by the Wing Comptroller, before the requisition is forwarded to the Purchasing Office for action. New River organizations are not required to process requisitions through the parent organization, the Second Marine Aircraft Wing (MAW), of both MALS. Personnel from MALS-39 indicated the extra administrative steps were a burden, however, this burden was not allowed to occur in the event expediency became more important than proper administrative detail in fulfilling a mission requirement at the MAG-39 level. The Third MAW headquarters was notified of high priority requisitions after the requisition was submitted to the Purchasing Office in cases such as these.

This administrative requirement did not exist for either Air Station in the case of non-aviation supplies and services. The requisition is delivered to the local MCFCS Purchasing Office for action without prior approval except at the squadron or Group level. The parent organization is eventually made aware of the requisition as fiscal statements from payment to the vendors post for the Wing to review. According to MALS, this inconsistency in procedures at both Air

Stations did not raise serious concerns at either Second or Third MAW headquarters.

**D. CAPABILITY OF MARINE CORPS ASSUMPTION OF THE PROCUREMENT FUNCTION AT MCAS NEW RIVER AND MCAS CAMP PENDLETON**

**1. Procedural**

Do you believe a Purchasing Office manned by Marines or Civil Service employees of the Marine Corps would be more responsive than the Purchasing Office currently utilized?

Interviews at New River and Camp Pendleton described the MCFCS Purchasing Office currently used for non-aviation related supplies and services as capable of assuming all procurement functions.

The process of receiving a requisition from a requiring activity, understanding the requirements on the requisition, and then procuring the item is a process which could be managed by any procurement office, in the opinion of all respondents. One respondent felt a short learning period (three-six months) would be required for inexperienced buyers of aviation related supplies or services, however, after the learning process, the function could be performed by any procurement office. Because the expertise to research and identify the specifications as well as potential suppliers of the item are accomplished by the requiring activity, the buying office is required only to procure the item under Federal, DOD, and Service guidelines. The buyers from any Service purchasing

office are trained in the application of these guidelines. Armed with the requisition and knowledgeable in the applicable directives and regulations, the buyer is one part of a relatively simple procurement process. The process is significantly complicated when exceeding the small purchase threshold for those offices with this constraint, however, the requirements of the great majority of requisitions generated by these two Air Stations seldom exceeded this threshold.

## **2. Perception**

Do you believe the Marine Corps, if required, could provide better service than that provided by the NFCS Purchasing Office currently used for aviation related parts requisition?

In the opinion of one of the respondents, the transfer of the procurement to the Marine Corps Field Contracting System from the Navy Field Contracting System would result in a less responsive buying activity, at least in the short term. The MALS-29 ASO felt the buyers in the NFCS Purchasing Office were presently knowledgeable and reasonably efficient in their procurement duties. On the other hand, the MCFCS buyers would not be as knowledgeable or proficient when tasked to procure aviation parts and services because of unfamiliarity with specific suppliers and nuances dealing with these preferred suppliers. This official also expressed the opinion the MCFCS would rapidly gain the same level of proficiency as the NFCS buyers after an initial learning period of several months.

The two other respondents expressed no such reservation concerning the proficiency of the MCFCS to assume the procurement function from the NFCS. The ability to process purchasing and contracting requisitions by either organizations is measured by the buyers proficiency in procuring the item in a timely manner, while adhering to the procurement directives and regulations. This capability is inherent in both Systems and the type item requisitioned will not require special training, experience, or expertise on the part of the buying organization, according to MALS-26 and MALS-39 personnel.

### **3. Preference**

Does the Marine Corps provide the same or better service in providing purchasing support of non-aviation supplies and services as NFCS Purchasing Offices in providing support for aviation supplies and services?

Would you be willing to provide billets from your supply section to augment or staff a MCFCS Purchasing Office if one were available for requisitioning aviation and non-aviation parts and services on board your Air Station?

In spite of perceived or actual procedural differences in the contractual abilities of both Systems, the personnel for all three units interviewed stated they would prefer to continue purchasing aviation related supplies and services through the NFCS and non-aviation related items through the MCFCS. This satisfaction was further emphasized by the negative response from all but one interviewee to the question addressing the establishment of a local procurement

office at the Air Station. Two of the three Air Station interviewees were not willing to provide personnel from their organization to staff this local Purchasing Office, if one were established.

The responses from all three Air Station Supply Officers, as well as the former Aviation Supply Officer from MALS-13, indicated the primary reason for this preference was the potential loss of the central management function of aviation parts control by ASO Philadelphia. During a telephone conversation with Headquarters Marine Corps (Code LBO), the Deputy Director for the MCFCS stated the belief that this concern is shared by Aviation Supply Officers at HQMC within the Deputy Chief of Staff for Aviation office. The philosophy currently in effect for Navy procurement of all aircraft and aircraft parts for Navy and Marine Corps aviation necessitates a centrally managed Aviation Supply Office within the Department of the Navy. The economy of buying in large quantities and avoidance of duplication in procuring and retaining in stock aircraft parts for both Services are valid reasons for the centrally managed ASO function. Perceived or actual, all three interviewees expressed doubt of the effectiveness and efficiency of Marine Corps assumption of the procurement function, if the assumption affected the central management of aviation parts by ASO Philadelphia.

Although a primary function of ASO Philadelphia is to centrally manage large end item components for both Service aircraft, a secondary, equally important, function is to identify, procure, and supply aviation units with lesser dollar value items which are routinely required by the using activities. These

items are procured by ASO and then become part of the supply system of each Service. ASO monitors usage rates of specific parts and components and buys replacement parts and components in large enough quantities to receive the maximum quantity discount available from the supplier. Aviation parts and services typically required by activities such as the MALS, and not previously procured by ASO, are those items which are only identified through routine maintenance at periodic intervals. An example might be; during maintenance of a CH-46 aircraft with 25,000 hours of usage recorded, a bearing in the transmission is identified as worn and requiring replacement. This bearing has not previously been identified by ASO as requiring replacement and therefore not stocked within the supply system. The aircraft cannot fly without the bearing replacement and because the bearing is not available through the supply system, a requisition for the bearing proceeds from the requiring activity to the NFCS Purchasing Office for procurement.

The respondents described the potential loss of control and efficiency by Marine Corps supply personnel over both the major end item and smaller spare parts required in the event the MCFCS assumed responsibility for procurement of supplies and services related to aircraft. A possible scenario not considered by MALS personnel and not raised as a possibility was the case of Navy ASO expressly retaining the central management function for aviation parts while the MCFCS assumes the procurement function at the Air Stations.

The Air Stations stated a preference to retaining the ability to process requisitions for non-aviation related supplies and services through local MCFCS Purchasing Offices. The convenience of procuring the less specific parts and services from the local Marine office precludes the travel required in processing a requisition through the NFCS.

#### IV. ANALYSIS OF SHORT TERM POLICY CHANGES

##### A. INTRODUCTION

MCAS New River and MCAS Camp Pendleton are operating contrary to published directives in processing supplies and services. MCAS Camp Pendleton was granted permission by HQMC (DC/S I&L LBO) to procure non-aviation related supplies and services. (Commandant of the Marine Corps letter 4200 over Ser LBO, PURCHASING SUPPORT MCAS CAMP PENDLETON, 1991) It remains unclear to the researcher what authority is granted to New River to procure through Camp Lejeune. In any event, the NAPS and MCO 4200.15G are clear in requiring Marine Corps Air Stations to obtain procurement support for all supplies and services through the NFCS. This requirement negates the authority of HQMC to authorize MCAS Camp Pendleton access to the MCFCS Purchasing Office at MCB Camp Pendleton. It is also unclear whether NAVSUP is aware of the digression from the NAPS by these Air Stations and what, if any, action would be forthcoming by the Department of the Navy to correct the situation.

The impression of the researcher during the course of the interviews and during conversations with personnel from HQMC is that the current situation at Camp Pendleton and New River is functioning efficiently and efforts requiring a return to purchasing all supplies and services through designated NFCS

Purchasing Offices would result in less effective service than they are currently receiving.

All interviewees stated some areas of concern with both the Navy and Marine Corps Field Contracting Systems. They each also expressed overall satisfaction in the current procurement environment for their organizations. Drastic changes to the purchasing and contracting regulations and directives requiring complete reliance on either the Navy or Marine Field Contracting Systems were not recommended by personnel interviewed. In fact, such drastic changes were discouraged.

## **B. ADVANTAGES AND DISADVANTAGES OF NAVY FIELD CONTRACTING SYSTEMS**

The merits and deficiencies of each system relative to the case of these two Air Stations include the following.

### **1. Merits**

#### **a. NFCS**

New River and Camp Pendleton reported satisfactory performance from the NFCS activity supporting each. Buyers in the Purchasing Offices of each supporting NFCS activity were reported as courteous, knowledgeable and sufficiently interested in the customers needs to effectively process most requisitions submitted by New River and Camp Pendleton users. Familiarization with Naval aviation components, parts, services, and procedures were often cited

by the customers as sources of the positive effects on the procurement process generated by the NFCS activity.

*b. MCFCS*

The convenience of processing requisitions through a geographically local Purchasing Office was the major factor in the Air Stations' use of the MCFCS Purchasing Office. Daily runs to and from distant NFCS activities were reduced and often eliminated by the purchase of non-aviation related items through the MCFCS activities at Camp Pendleton and Camp Lejeune. One other factor, mentioned only by one interviewee, but considered significant because of the importance of the timeliness of the requisition involved, was the faster response time by the Camp Pendleton Purchasing Office in processing requisitions greater than \$25,000. According to the MALS-39 Aviation Supply Officer, the unlimited authority of the Contracting Officer at Camp Pendleton provided greater flexibility to the Purchasing Office when compared to the NFCS counterpart at El Toro.<sup>4</sup> The El Toro Purchasing Office must forward requisitions greater than that Offices Procurement Authority to the Navy Regional Contracting Center (NRCC) at San Diego, California. Although the NFCS could be considered responsive to some degree operating in this fashion, the Marine

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<sup>4</sup> Marine Contracting Officers usually have unlimited Procurement Authority, however, a business clearance from the HCA must be obtained prior to execution of contract actions greater than \$300,000.

Contracting Officer's authority usually requires less time to process the larger dollar value requisitions.

## **2. Deficiencies**

### ***a. NFCS***

The singular notable deficiency documented by the researcher was the distant location of the activity identified to support the Air Station. In requesting permission for MCAS Camp Pendleton to obtain procurement support from MCB Camp Pendleton, the Commanding General of the Third MAW cited the forty-five minute drive on a "heavily congested interstate" as a safety concern. (Commanding General, Third MAW message, OPEN PURCHASE CONTRACT SUPPORT FOR THIRD MAW, 1991) The actual time spent away from the office by the Marine couriers during these often daily trips exceeded half of the routine work day. This is time, considered by the Marine officials interviewed, inefficiently spent by Marines.

### ***b. MCFCS***

Deficiencies identified by MALS personnel at Camp Pendleton concerned the payment method and receipt of requisitioned items. When ordering through the NFCS, Marines at Camp Pendleton provided requisitions to the Purchasing Office which contain appropriation data for the buyer to use when procuring the required item. The item was then shipped from the supplier to the NFCS activity, usually the Navy Supply Department. The requiring activity at

Camp Pendleton was notified and picked up the item during one of the daily trips to El Toro, or if required, during a special trip coordinated if the priority of the item dictated the special trip. After receipt of the item by the requiring unit, the Purchasing Office forwards the invoice to a Navy Payment Center for payment to the supplier.

The Purchasing Office at the MCFCS Purchasing Office at Camp Pendleton operated in a somewhat different manner. Although appropriation data were provided in the same manner on the requisition form to the Purchasing Office, the buyers from the Purchasing Office do not forward completed invoices to payment centers for the supported unit. The requiring activity at MCAS Camp Pendleton is responsible for forwarding the invoice to the Marine Payment Center located on Camp Pendleton.

The second deficiency identified by Marines at MCAS Camp Pendleton was the shipping and receiving process employed at Camp Pendleton when compared to the situation at El Toro. Receiving parts at El Toro requires only one stop for couriers dispatched to pick up items. Shipments to Camp Pendleton are not as predictable. Items sent by suppliers are delivered to at least four different locations on board the base resulting in the search for the item by couriers dispatched by the Air Station users.

The merits and deficiencies identified by respondents at both Air Stations shed light on issues which affect the procurement situation at their respective Air Stations and potentially other Air Stations as well. These issues

reflect two Air Stations operating outside the administrative guidelines established by NAVSUP and the Marine Corps. The following issues are addressed in order of perceived importance to the current procurement situation at New River and Camp Pendleton.

**C. WHY THE ISSUE OF PROCUREMENT RESPONSIBILITY FOR MCAS's SHOULD BE ADDRESSED**

Reviews of Navy and Marine Corps Field Contracting Systems are conducted on a scheduled basis by assigned NAVSUP personnel for NFCS activities and by HQMC (DC/S I&L LBO) for MCFCS activities. (NAPS, 1990, p. 22) The Procurement Management Review (PMR) program is designed to ensure all activities are conducting procurement actions in accordance with Federal (FAR), DOD (DFARS), Navy (NAPS), and Marine Corps (MCO 4200.15G) regulations and directives. The Air Stations at New River, Camp Pendleton, and Futenma are not adhering to published directives and are therefore candidates for identification as violators of current directives by PMR teams conducting site inspections. At a minimum, the issue of procurement responsibility for Marine Corps Air Stations requires a resolution addressing those areas of applicable directives and orders which allow the offending Air Stations to operate within stated guidelines.

#### **D. EXTENT OF THE CHANGE TO PROCUREMENT PROCEDURES CONSIDERED**

Change to those sections and paragraphs of the NAPS and MCO 4200.15G which address procurement for MCAS's is the simplest and seemingly least difficult first step in addressing the issue. The change would be limited enough in scope to allow only those Air Stations currently violating regulations and directives and located geographically closer to a MCFCS Purchasing Office to procure non-aviation supplies and services. Payment problems such as those identified by MCAS Camp Pendleton would be addressed internally and separately by MCFCS and MCAS personnel and corrected with policy or intraservice procedural changes.

Efforts to effect more substantial changes to the existing orders and directives in the current environment and *without further research and required technological improvements*, are likely to encounter great resistance.

#### **E. EFFECT OF LIMITED CHANGE ON NAVY AND MARINE CORPS FIELD CONTRACTING SYSTEMS?**

A limited change, as described, would have a minimal effect on either system. The Air Stations currently violating published orders and directives would not make changes to current operating procedures. Concurrently, Field Contracting System activities currently supporting these Air Stations would not be required to alter their procedures or process. The impact caused by the limited change to the current situation, is that the supporting NFCS, MCFCS, and Air

Stations would no longer be violating published regulations and directives. PMR teams inspecting the Air Stations and the Marine installations supporting them would not have to report these activities with discrepancies concerning the applicable directives.

Air Stations currently operating in accordance with the NAPS and MCO 4200.15G are not affected by the proposed changes to these directives. In an effort to ensure continued compliance by these Air Stations, proposed change language could specifically direct these Air Stations (Category I Air Stations from Chapter II) to follow current procurement procedures.

The NFCS and MCFCS activities affected (Category II and Category III Air Stations from Chapter II) are currently operating in the process described in the same manner as the proposed changes recommend, therefore, unless further, more extensive changes occur, the impact on either the supporting or supported activities will be minimal. Billets should not be lost or gained by one activity or another, thus, this change process would have the greatest prospect for success at the Chief of Naval Operations and Commandant of the Marine Corps level.

## **V. LONG TERM IMPLICATIONS OF PROCUREMENT POLICY CHANGES**

### **A. INTRODUCTION**

As a result of research conducted by the author, limited changes, such as those discussed earlier, are short-term solutions to address purchasing and contracting problems faced by the Navy and Marine Corps at MCAS New River and MCAS Camp Pendleton. The purpose of this chapter is to discuss issues discovered during the research effort which suggest potential change in this area. Policy options and technological developments discussed in this chapter are offered without benefit of comprehensive research into these areas. They are presented only as elaborations to conclusions arrived at by the author and are suggested as areas for further research in Chapter VI of the thesis.

### **B. TECHNOLOGICAL REVOLUTION**

#### **1. Available Technology**

The purchasing and contracting officials employed at Navy and Marine Corps Field Contracting Activities are operating from a significantly inferior position relative to the technological status of the commercial business world today. Paper transactions are the rule rather the exception in Government procurement when the opposite is rapidly becoming the norm in commercial industry. As an example, Electronic Data Interface (EDI) is available and utilized

as a normal process by major corporations throughout the U.S. EDI is a subset of electronic commerce, the digital exchange of all information needed to conduct business. This subset is the computer-to-computer exchange of routine business information in standard transaction formats. In Government transactions, routine requisitions submitted by requiring activities to a purchasing official are submitted via mail or by courier delivery of the requisition through the appropriate chain of the procurement process. Upon receipt by the procurement official, the request is transformed into a purchase order by the Government official and submitted via mail or in some rare cases via facsimile machine, to the vendor to supply the requested item or service.

In the case of the Marine Corps Air Stations in question, this manual process is routine. In larger dollar amount procurement actions, the process differs somewhat because of Federal Acquisition Regulation requirements for purchases above the small purchase thresholds. The great majority of transactions, however, for both small purchase and larger dollar procurement are currently accomplished via paper, in spite of recent technological advancements such as EDI.

## **2. Implications for Air Stations**

There are two major areas in which the technological aspect of the policy framework for this thesis are considered critical.

**a. Time**

The processing of aviation related requisitions utilizing paper transactions require either mailing the requisition from Camp Pendleton to El Toro or New River to Cherry Point, or hand-carrying the requisition to the NFCS Purchasing Office. The option to carry the requisition requires approximately a forty-five minute trip to the MCAS NFCS Purchasing Office designated to provide the procurement service. This option also requires processing time at the Purchasing Office, and a forty-five minute return trip back to the originators installation. Although the processing time to requisition items in this manner was not perceived as a major obstacle to the procurement of supplies and services by the respondents, through the use of current technology, the travel to and from the procurement officials office would be unnecessary as all the information would be transmitted electronically via EDI.

**b. Flexibility**

The second critical area is how the use of EDI would impact Camp Pendleton and New River's use of local MCFCS procurement services. Current policy at each Air Station dictates the procurement procedures used by requiring activities at both. The introduction of current technology such as EDI, without a change of policy, would provide the requiring activities the option of relying exclusively on the NFCS Purchasing Office for both aviation and non-aviation supplies and services. Conversely, with a change of policy, the requiring activities would be authorized to utilize the services of the local MCFCS Purchasing Office

without violating current directives. If authorized to use the local Purchasing Office, the activities could continue processing requisitions with paper or convert to the more modern medium of EDI.

The decision to modify current policy or not modify current policy is a decision best arrived at after careful consideration of all available factors. A significant factor in arriving at the best decision is the Navy and Marine Corps' inability to effectively communicate and conduct transactions using current technology. The consideration of current technological applications such as EDI is an important topic for the Marine Corps and Navy to consider.

### **3. Obstacles in Applying New Technology**

The DOD, as well as most private enterprises, are striving for a paperless transaction world. Unfortunately, private industry is well ahead of DOD in this area. Several stumbling blocks are present in DOD's effort to move ahead toward the paper-less transaction vision. The first is archaic statutory and regulatory restrictions placed on electronic media by instructions implemented in a past generation. These restrictions include those such as written signatures on documents to qualify as "legal" documents. In the current environment, electronic "signatures" are commonplace and accepted universally, except within organizations abiding by antiquated provisions of regulations such as the FAR and DFARS. There has been recent movement in this area regarding the acceptance of facsimile transmissions as legal documentation within the Government, however, the FAR, DFARS, and other regulatory instructions do not

expressly allow the use of many means of electronic commerce. As a result most potential Government users are not inclined to use this medium until the regulations are changed. Until these instructions are updated to fully account for the technology available today, the use of any current technology regarding electronic commerce will be minimal by Government agencies.

A second obstacle to the use of current technology among procurement personnel is the lack of, or unfamiliarity with, the hardware and software available. The most promising electronic commerce innovation for purchasing and contracting officials is EDI. EDI is used in many areas of private industry and in a limited manner by some DOD and DON agencies. The use of EDI by Government agencies is, when used, in many instances concurrently executed using paper. This inefficiency is caused because most affected agencies or activities are not equipped to implement EDI and consequently require paper transaction. EDI can be employed to handle most, if not all, purchasing and contracting transactions required by Government agencies. EDI has been designed, for procurement purposes, to "achieve end-to-end electronic capabilities from procurement, transportation, and delivery to payment." ("Implementing the Department of Defense's Standard Approach to Electronic Commerce in Procurement," *Contract Management*, 1992) The technology is available to implement EDI within Government procurement today. Some DOD activities are actively involved in the implementation of this innovative process. Unfortunately, little effort has been directed towards EDI by the Navy or Marine Corps Field

Contracting Systems. This effort appears to be well worth investigating. The equipment required to participate is currently in place at every site (personal computers, modems), the software is available for use by all DOD activities, and commercially available value added networks (VANs) required to transmit and receive EDI messages are readily available for all activities. In effect, EDI is available for use by the Field Contracting Systems of both Services with a minimal investment.

#### **4. Benefits in Applying New Technology**

There are many benefits in applying available new technology in the procurement arena. In the opinion of the author, the primary benefit is the increased efficiency of paperless transactions as a result of the incorporation of Electronic Commerce into an existing organization. A secondary benefit in implementing a new medium such as EDI, is the reduced long-term cost to the Services in processing all paperless transactions. The cost of personnel, transportation, and actual processing of the current paper involved in purchasing and contracting by the Service field contracting systems, could be significantly reduced by using applicable new technology. The final benefit discussed here is the optimization of computer resources already available at field purchasing and contracting activities. The computer hardware required for a move to technology such as EDI is already in place at most activities and could be further utilized by the processing of most, if not all, procurement related documents via computer.

### **C. POLICY OPTIONS TO CONSIDER**

Although diverse services and supplies are procured through both NFCS and MCFCS activities, the organizations provide basically the same service. Can the Navy and Marine Corps afford this redundant situation? These are options for policy makers to consider:

#### **1. Status Quo**

This option considers regulatory and directive changes discussed earlier as minor modifications to the existing procurement environment. These modifications or changes do not significantly impact current organizational or technological procedures. Effectively, the purchasing and contracting responsibilities for New River, Camp Pendleton, and Futenma remain the same with proposed changes correcting only those areas which cause the Air Stations to procedurally violate directives. By addressing only this narrowly defined issue, and maintain the status quo throughout the remainder of the field contracting systems, the Services could be missing an opportunity to impress upon Congressional policy makers the seriousness with which it is accepting the downsizing effort. Prompted by inevitable reductions directed by Congress, a reorganization effort by the Department of the Navy is occurring today. Reorganizations in a downsizing environment inevitably involve painful cuts, however the amount of pain can be measured and alleviated somewhat by clearly identifying areas which can be reduced and justifying areas which must be sustained at current levels.

This forthcoming reorganization will certainly impact all functional areas of the individual Services, to include operational forces and supporting units. The prudent observer realizes the "easier" cuts for the policy makers to make will come from supporting establishments such as headquarters staffs and logistics support units. The Department of Defense procurement process has for many years been the target of Congressional interest and increasing oversight. The overpriced spare parts evolution and the Ill Wind investigation and subsequent indictments are two highly publicized examples of DOD procurement inefficiency and fraud. Congress and the Executive branch have responded with stringent rules, laws, regulations, and procedures for procurement officials. These have included the Procurement Integrity Act of 1988 and the Ethics Reform Act of 1989. It is not beyond reason to expect reductions in funding and personnel to come from a highly unpopular source such as the Government procurement profession.

Research and development of future weapons and procurement of current generation weapons are under close review by policy makers in the Pentagon and on Capitol Hill, given the disappearance of the Soviet Union. Proposed reductions in the acquisition of services and equipment such as these logically suggest reductions in personnel responsible for the purchasing and contracting for these weapons systems. As the post-Soviet Union world develops and U.S. military doctrine matures to deal with its role as the lone superpower, the expectations and requirements of the U.S. military will develop also. Current

thinking by military strategists believes the future military will be much smaller with fewer weapons requirements to combat a smaller, less capable enemy than the Soviet Union. Current thinking also suggests the efficiency and integrity of the Government procurement systems and officials must increase as the downsizing of the military will most certainly make the less-than-respected procurement profession a prime candidate for first consideration in the reduction effort.

**2. Consolidate Procurement Responsibility for all Navy Activities, to Include Those Supported by the MCFCS, to NAVSUP, for Management by the NFCS**

Under this arrangement, the field contracting systems of both Services would be consolidated under central management by NAVSUP. The requirement for a separate Marine Corps Field Contracting System disappears as the current MCFCS would be absorbed by the NFCS. Consolidation and administration of required directives and regulations for the field contracting systems would be managed by one organization, resulting in less administrative burden for both Services.

**3. Consolidate Procurement Responsibility for all Marine Activities, Including MCAS's Under Marine Corps Cognizance**

This option transfers the purchasing and contracting responsibility for all Marine installations completely to the Marine Corps. The Navy contracting and purchasing military and civilian billets would transfer accordingly to the Marines. The Navy Field Contracting System remains as is, minus the responsibility for the MCAS's. The argument in favor of this option stems from the existence of a

functioning, operational structure in place (the MCFCS) which would assume the procurement responsibility for the Air Stations.

**4. Direct the Specialization of Service Contracting Systems in Requirement Areas Which are Service Unique**

In this scenario, the NFCS, as an example, would provide procurement responsibility for all ship, shipbuilding, aircraft, and aircraft parts procurement while the MCFCS maintains procurement responsibility for all major installation service contracts and non-aviation related parts procurement. The MCFCS would provide open purchase support for Marine Corps typical requirements such as generator or motor vehicle parts and supplies not available in normal Marine supply systems. The specialization effort would center around the type items required by each Service regardless of the location of the field contracting system activity.

**D. STRATEGIC ISSUES AND PLANNING FOR CHANGE**

In order to constructively address the options considered from the previous section, an effort to identify and discuss pertinent strategic issues affecting the purchasing and contracting situation should be initiated. Toward this end, strategic planners are aided in their efforts by various works from current literature. An example is John M. Bryson's *Strategic Planning for Public and Nonprofit Organizations*, an excellent guide for policy makers within DOD to utilize in planning for changes in not only this area but other areas as well. The nine-step strategic planning model offered by Bryson describes a comprehensive

method for determining an organizations best approach to map out present and future courses of action. Bryson's model causes the planner to examine an organizations mission and mandates, internal and external "stakeholders" who are impacted by the planning process, and identify the critical issues facing the organization as "strategic" and worthy of the organizations attention or priority. The model presented by Bryson is only one of several strategic management and planning models from current literature. The key step for the Services is to adopt some sort of planning effort addressing future needs and requirements for the Service contracting systems before the issue is determined for them by external sources, such as the Congress or DOD.

## VI. CONCLUSIONS

### A. INTRODUCTION

The purpose of this chapter is to summarize conclusions reached by the author as a result of the research effort. The conclusions are briefly presented, followed by more detailed answers to research questions posed in Chapter I. Finally, suggestions for further research areas concerning procurement responsibilities of both Services are offered.

1. The current purchasing and contracting situation at most (seven of ten) Air Stations is in accordance with published directives.

2. The two Air Stations studied for this research effort are not operating fully in compliance with published directives.

3. A third, geographically remote Air Station is operating in compliance with directives at its convenience. At other times it is obtaining purchasing support from unauthorized sources.

4. The non-compliance of New River and Camp Pendleton with published directives concerning procurement support appear to have a minimal effect on the Navy or Marine Corps Field Contracting Systems. In fact, the only apparent affect on either Service is the savings in time and effort on the part of Marines who

would be required to travel to distant NFCS Purchasing Offices for support if directives were followed.

5. Short-term solutions are available for implementation with very little impact on internal or external purchasing and contracting organizations of the Services. These are directive changes to NAVSUP and Marine Corps Orders applicable to purchasing and contracting at MCAS's. These changes would only refer to procedural violations currently observed at New River and Camp Pendleton. The remaining Air Stations and the field contracting systems for either Service would not be affected by these changes.

6. It is recommended a strategic planning process, involving NAVSUP and HQMC (D/CS I&L LBO), be initiated to determine the appropriate response to the long-term procurement situation for Marine Corps Air Stations.

## **B. CONCLUDING COMMENTS TO THE RESEARCH QUESTIONS**

1. What are the central factors associated with providing purchasing and contracting responsibilities at Marine Corps Air Stations?

The central factors reported by interviewees for satisfactory performance by purchasing and contracting personnel were timeliness and efficient delivery of required supplies and services. The hybrid method of procurement support obtained by New River and Camp Pendleton resulted in a satisfactory process for the requiring activities aboard those Air Stations.

2. Which service should provide the purchasing and contracting support responsibility for Marine Corps Air Stations?

The Navy is providing a satisfactory service to MCAS's by all accounts and with the exception of New River, Camp Pendleton, and Futenma, the NFCS support of this function is obtained and received by the Air Stations for all open purchase supply requisitions and for service contract support. Unless and until a comprehensive evaluation of NFCS and MCFCS mission and functions is conducted, no action beyond the limited regulatory changes is advised.

3. What are the major types of procurement required by Marine Corps Air Stations?

The primary types of procurement required at the Air Stations were small dollar, unexpected replacement aircraft parts for type aircraft located at the Air Station. This type procurement rarely exceeded the small purchase threshold of most other Air Station Supply Departments.

Another reported type of procurement routinely required by the Air Stations was for service type contracts for copying machines and the maintenance of the copying machines. Again, this type contract rarely exceeded \$25,000.

4. What type functions does the Navy Field Contracting System currently undertake in executing procurement responsibility at Marine Corps Air Stations?

The NFCS acts as the buying agent for those requiring activities which require procurement actions for items not available through normal supply systems. The NFCS Purchasing Office accepts requisition forms from the requiring

activity. This document describes the item or service required in detail along with an expected price to pay. It also refers the buyer to a preferred supplier. The Purchasing Office ensures procurement regulations and directives are followed while proceeding with the procurement of the item for the requiring activity. Following receipt of the item or beginning service required, the NFCS Purchasing Office forwards the invoice to a local Navy Payment Center for payment to the supplier or vendor.

5. To what extent is the Marine Corps Field Contracting System capable of assuming some or all of the procurement support responsibility at Marine Corps Air Stations?

The MCFCS is capable of assuming all of the procurement support responsibility at MCAS's if required. Purchasing Offices are established at major Marine installations and available to support Air Stations, as evidenced by the situations at New River and Camp Pendleton. The MCFCS currently includes field activities for minor installations with small purchase authority and is experienced in managing both major and minor field contracting activities. The transfer of NFCS Purchasing Offices located at MCAS's to the MCFCS would impact minimally on the activities supported by those Purchasing Offices. The major, potentially sensitive, requirement is the transfer of billets and personnel from the Navy to the Marine Corps to man the Purchasing Offices.

6. What issues should be considered in transitioning from Navy to Marine assumption of purchasing and contracting responsibility at Marine Corps Air Stations?

The issues to be considered in any question regarding planned and unplanned mission changes for the Services are: What is the most efficient and least costly means of providing the required support? What is the most effective manpower utilization method of providing the support? Because these issues cannot be addressed without a continuous strategic planning effort, the issue most likely to be considered is: What is the solution least likely to cause political and parochial concerns to existing shortfalls in current purchasing and contracting procedures at Marine Corps Air Stations? Addressing this issue precludes a comprehensive study of total Marine Corps assumption of the procurement responsibility for MCAS's.

7. What are the policy implications for the Navy and Marine Corps associated with Marine Corps assumption of all or part of the procurement responsibilities at Marine Corps Air Stations?

The policy implications of any proposed change to the existing procurement system range from a small regulatory change to existing language in current directives to a complete reorganization effort on the part of the Navy and Marine Corps in organizing their field contracting systems for the declining budget and using sophisticated technology available in the future. One of the implications is the loss of billets for one Service to another as a result of a reorganization.

Another implication is a requirement to change the language in existing regulations such as the FAR to expressly allow the use of electronic commerce for purchasing and contracting actions by the field contracting activities. The implications are limited only by constraints imposed on changes implemented by the Services.

### **C. AREAS OF FUTURE RESEARCH**

1. The technological advancements in electronic commerce have increased tremendously, impacting the procurement situation at MCAS's and every other type business which requires paper as means of communication or record keeping. An area of research proposed is: What areas of EDI are potentially applicable for use by field contracting activities? Additionally, to what extent are current Purchasing Offices able to incorporate EDI into the existing office environment?

2. A second area of research is: Could the existing field contracting systems effectively "compete" against one another with the goal to identify and consolidation only those organizations which are most effective and efficient?

3. The unique location of MCAS Futenma, Japan poses an interesting dilemma for policy makers addressing the procurement situation. This Air Station is only one of many U.S. overseas installations, although the number is sure to decline. A third research area, perhaps in conjunction with the first two suggested areas of research, is: What are the implications of the use of current technological

devices, such as those described here, at overseas locations? Would these procurement offices be better providers of required services in a "competitive" scenario?

4. A final proposed area of future research is: Utilizing strategic planning, what are the most desirable options for planners to consider in selecting a policy concerning purchasing and contracting responsibility for Marine Corps Air Stations?

**APPENDIX A.  
MAJOR NAVY FIELD CONTRACTING SYSTEM ACTIVITIES**

<u>Activity</u>	<u>Contracting Authority</u>
<u>Inventory Control Points</u>	
Navy Aviation Supply Office	Unlimited
Navy Ships Parts Control Center	Unlimited
Navy Resale and Services Supply Office	Unlimited
<u>Northeastern Contracting Region</u>	
Naval Air Development Center	Unlimited
Naval Air Engineering Center	Unlimited
Naval Avionics Center	Unlimited
Naval Ordnance Station	Unlimited
* Naval Regional Contracting Center, Philadelphia	Unlimited
Naval Shipyard, Portsmouth, NH	Unlimited
Naval Shipyard, Philadelphia	\$500,000 (supplies) Unlimited (services)
Naval Submarine Base, New London, CT	\$100,000
Naval Training Station, Great Lakes, IL	\$500,000 (negotiated) unlimited (sealed bids only)
Naval Weapons Center, Crane, IN	Unlimited
Naval Underwater Systems Center, Newport, RI	Unlimited
<u>Washington, DC Contracting Region</u>	
David Taylor Research Center, Bethesda, MD	Unlimited
Naval Air Test Center, Patuxent River, MD	Unlimited
Naval Imaging Command, Wash, DC	\$100,000
Naval Ordnance Station, Indian Head, MD	Unlimited

<u>Activity</u>	<u>Contracting Authority</u>
* Naval Regional Contracting Center, Washington, DC	Unlimited
Naval Surface Weapons Center, Dahlgren, VA	Unlimited
<u>Eastern Contracting Region</u>	
Marine Corps Air Station, Cherry Point, NC	\$500,000
Norfolk Naval Shipyard, Portsmouth, VA	Unlimited (Nuclear) \$500,000 (supplies)
* Naval Supply Center, Norfolk, VA	Unlimited
<u>Southeastern Contracting Region</u>	
Naval Air Station, Corpus Christi, TX	\$100,000
Naval Coastal Systems Center, Panama City, FL	Unlimited
Naval Construction Battalion Center, Gulfport, MS	\$100,000
Naval Oceanographic Office, Bay St Louis, MS	\$1,000,000
* Naval Supply Center, Charleston, SC	Unlimited
Naval Supply Center, Jacksonville, FL	Unlimited
Naval Supply Center, Pensacola, FL	Unlimited (supplies) \$100,000 (services)
Naval Training Systems Center, Orlando, FL	Unlimited
<u>Southwestern Contracting Region</u>	
Naval Air Station, Point Mugu, CA	\$500,000
Naval Construction Battalion Center, Port Hueneme, CA	\$100,000
Naval Ocean Systems Center, San Diego, CA	Unlimited
* Naval Regional Contracting Center, San Diego, CA	Unlimited
Naval Ship Weapon Systems Engineering Station, Port Hueneme, CA	\$500,000
Naval Weapons Center, China Lake, CA	Unlimited
<u>Mid-Western Contracting Region</u>	
Naval Electronic Systems Engineering Center, Vallejo, CA	\$100,000

<u>Activity</u>	<u>Contracting Authority</u>
Naval Shipyard, Mare Island, Vallejo, Ca	Unlimited (Nuclear) \$100,000 (supplies)
* Naval Supply Center, Oakland, CA	Unlimited (supplies) \$100,000 (services)

#### Northwestern Contracting Region

* Naval Supply Center, Puget Sound, WA	Unlimited
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#### Hawaii Contracting Region

Naval Shipyard, Pearl Harbor, HI	Unlimited (Nuclear) \$100,000 (supplies)
* Naval Supply Center, Pearl Harbor, HI	Unlimited

#### Europe, Africa, Near East Contracting Region

* Naval Regional Contracting Center, Naples, IT	Unlimited
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#### Far East, Western Pacific Contracting Region

Commander, Fleet Air Western Pacific, Atsugi, JA	Unlimited (ACO)
Navy Office, Singapore	\$100,000
Naval Supply Depot, Guam, MI	Unlimited
Naval Supply Depot, Subic, PI	Unlimited
* Naval Supply Depot, Yokuska, JA	Unlimited
Naval Support Force, Antarctica Detachment Delta Christchurch, NZ	\$500,000 (NZ only)
* Area Buying Activities	

(NAVSUPINST 4200.81, 1989)

**APPENDIX B.  
MARINE CORPS FIELD CONTRACTING OFFICES**

<u>Activity</u>	<u>Contracting Authority</u>
Marine Corps Logistics Base, Albany, GA	Unlimited
Marine Corps Logistics Base, Barstow, CA	Unlimited
Marine Corps Recruit Depot, Western Recruiting Region, San Diego, CA	Unlimited
Marine Corps Recruit Depot, Eastern Recruiting Region, Parris Island, SC	Unlimited
Marine Corps Base, Camp Lejeune, NC	Unlimited
Marine Corps Air-Ground Combat Center Twentynine Palms, CA	Unlimited
Marine Corps Base, Camp Pendleton, CA	Unlimited
Defense Finance Accounting Service, Kansas City, MO	Unlimited
Marine Corps Combat Development Command, Quantico, VA	Unlimited
Marine Corps Base, Camp Smedley D. Butler Okinawa, JA	Unlimited

Marine Corps Limited Purchasing Offices

Marine Corps District Headquarters	\$10,000
Director, Administration of Resource Management, Headquarters Marine Corps	\$25,000
Headquarters, FMFLANT, Camp Elmore, Norfolk, VA	\$25,000
Headquarters, FMFPAC, Camp Smith, HI	\$25,000
Headquarters, 4th MarDiv (Rein) New Orleans, LA	\$25,000
Headquarters, 4th MAW, New Orleans, LA	\$25,000
Marine Barracks, 8th & I Streets, SE Washington, DC	\$25,000
Commissary Complex (West Coast—El Toro, CA)	\$25,000
Commissary Complex (East Coast—Camp Lejeune, NC)	\$25,000
Headquarters Battalion, Henderson Hall, Arlington, VA	\$25,000
MCSF Bn Pacific, Mare Island, CA	\$25,000
MCSF Atlantic, Norfolk, VA	\$25,000

(MCO 4200.15G, 1991, pg 2-5)

## **APPENDIX C. MCAS INTERVIEW QUESTIONS**

How effective is the current Purchasing Office used by your office in the following areas; timeliness, technical expertise, customer service, and quality assurance?

Do you believe purchasing and contracting for aviation related supplies and services require special training and education on the part of the buyers in the Purchasing Office?

What is the satisfaction level of your open purchase supply personnel with respect to the level of effort maintained by the Purchasing Office currently used in executing supply and service requisitions for you command?

Is the Navy Purchasing Office Table of Organization a perceived problem in support of your organization?

Are the dollar limitations of the supporting NFCS Purchasing Office a significant limitation in that Office providing procurement support to your organization?

How often do you exceed the small purchase threshold in requirements for aviation or non-aviation supplies or services for your organization?

Are there extra administrative requirements on your part in requisitioning through the NFCS Purchasing Office?

Are there extra administrative requirements on your part in requisitioning through the MCFCS Purchasing Office?

Do you believe a Purchasing Office manned by Marines or Civil Service employees of the Marine Corps would be more responsive than current the Purchasing Office currently utilized?

Do you believe the Marine Corps, if required, could provide better service than that provided by the NFCS Purchasing Office currently used for aviation related parts requisitions?

Does the Marine Corps provide the same or better service in providing purchasing support of non-aviation supplies and services as NFCS support in providing support for aviation supplies and services?

Would you be willing to provide billets from your supply section to augment or staff a MCFCS Purchasing Office if one were available for requisitioning aviation and non-aviation parts and services on board your Air Station?

What are your current procedures for purchasing supplies that are not available through the normal supply channels?

What supplies are most often purchased through Purchasing Offices supporting your organization?

What services and supply contracts are in place for your organization at the present time?

## APPENDIX D. GLOSSARY

**Acquisition**—the acquiring by contract with appropriated funds of supplies or services by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.

**Appropriation**—An annual authorization by an Act of Congress to incur obligations for specified purposes and to make payments out of the Treasury. Appropriations are subdivided into budget activities.

**Area Buying Activities**—Major Field Contracting Activities responsible for centralized buying within their authority limit (if any) and within a specifically designated area within a region for those acquisitions which are in excess of the contracting authority of activities within that designated area.

**Contract**—A mutually binding legal relationship obligating the seller to furnish the supplies and services and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.

**Contracting**—Purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes description (but not determination) of supplies and services required, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.

**Contracting Activity**—An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions.

**Contracting Officer**—A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes authorized representatives of the contracting officer acting within

the limits of their authority as delegated by the Head of Contracting Authority (HCA) of their activity.

**Expenditure**—Charges against available funds. They are evidenced by vouchers, claims, or other documents approved by competent authority. Expenditures represent actual payment of funds.

**Field Contracting Activity**—Any field activity of the naval establishment, including offices, detachments, and afloat units, which contract for supplies or services under the delegated authority of NAVSUP or HQMC I&L.

**Head of Contracting Activity**—The official who has overall responsibility for managing the contracting activity.

**Major Field Contracting Activity**—Field contracting activities with contracting authority in excess of \$25,000.

**Minor Field Contracting Activity**—Field contracting activities with contracting authority of \$25,000 or less.

**Navy Field Contracting System**—The total group of field contracting activities as defined by "Field Contracting Activity."

**Procurement**—Includes purchasing, renting leasing, or otherwise obtaining supplies or service. It also includes all functions that pertain to the obtaining of supplies and services, including description but not determination of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.

**Quality Assurance**—A planned and systematic pattern of all actions necessary to provide adequate confidence that material conforms to established technical requirements and achieves satisfactory performance in service.

**Small Purchase**—an acquisition of supplies and nonpersonal services in the amount of \$25,000 or less.

**Specification**—a document intended primarily for use in procurement, which clearly and accurately describes the essential technical requirements by which it will be determined that the requirements have been met. Specifications for items and materials may also contain preservation, packaging, packing, and marking requirements.

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